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*Office Memorandum* • UNITED STATES GOVERNMENT

TO : Acting Chief, E/C

DATE: 1 December 1955

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FROM :

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SUBJECT: Key Category Criterion

The fundamental purpose of the key category approach would be to increase the burden of the economic adjustments forced upon the Sino-Soviet bloc by deprivation of imports of strategic goods from non-bloc sources. Each key category would comprise one or more items subject to control under existing selective criteria together with all practicable, or acceptable, substitutes for the selected items. Key categories are thus characterized by a high degree of substitutability among items within each category but with minimum substitutability among categories or between controlled and non-controlled items. The scope or breadth of each category would be determined in a large measure by the range of substitutes for the key items.

The key category approach would be effective in increasing the *strain* of adjustments within the bloc to the extent that significant substitutes for key items are brought under control. A number of the substitute commodities may not be in short supply with respect to conventional uses, but would not be available from Sino-Soviet bloc sources in the quantities, or at the time, required to meet the aggregate demand including use as substitutes.